

The Washington Times

www.washtimes.com

U.S. FRANCHISES OFFER LEG UP TO EX-MILITARY

Marguerite Higgins
THE WASHINGTON TIMES

Published 9/25/2002

The franchise industry is reviving a program to help retired military personnel start their own small business.

The program, the Veterans Transition Franchise Initiative, or VetFran, allows service members to pay only 10 percent or less of the initial franchise investment fee, which generally ranges from \$45,000 to \$150,000 for a small business.

Franchising companies would pay the difference, said Don DeBolt, president of the International Franchise Association.

VetFran has 60 franchise companies operating on an initial investment of \$150,000 or less. That's the maximum amount that the Small Business Administration will offer. Participants include Geeks on Call America Inc. in Norfolk, Va.; Mail Boxes Etc. Inc. in San Diego; and Pizza Outlet LP in Pittsburgh.

"The idea was to have the business community give something back to the men and women who defend our free enterprise and country," Mr. DeBolt said. "We have soldiers in Afghanistan, Korea and possibly heading to Iraq, and we want them to have an opportunity at making a living for themselves and their families when they return home."

VetFran was originally designed during the Gulf war to ease the costs for veterans interested in starting their own business through a franchise. The program received more than 100 franchiser participants, but it dropped off from lack of interest in the mid-90s at the start of the economic boom. An increase in small franchise business owners and heightened military action in countries like Afghanistan in the past year prompted the renewal of the program.

"You always see franchising become more popular during a recession, when people want to be the masters of their own destiny," Mr. DeBolt said. "People often suffer a cutback or a layoff before they consider becoming their own boss, and that generally happens during a recession."

In 2000, the franchising industry made an estimated \$1 trillion in U.S. retail sales from 320,000 franchised small businesses in 75 industries, accounting for more than 40 percent of retail sales nationwide, Mr. DeBolt said.

Expetec Technology Services, a technology supplier headquartered in Garden Grove, Calif., was the first to sign on the program and offer Steven Sellner, a Navy veteran, a lowered fee of \$40,000, down from \$60,000, to operate a service center in Honolulu.

Mr. Sellner paid more than the 10 percent the VetFran program requires to acquire three different service areas for his franchise.

"The biggest thing I got from my eight years in the Navy is that something like this, where you're starting a business, takes a long commitment, and I feel sort of prepped for the challenges ahead," Mr. Sellner, 48, said.

Jennifer Roberts, vice president of sales for Expetec, said the company founders, who are Army National Guard veterans, were eager to help veterans make the transition to civilian life and business.

"We started franchising in 1996, and by then the program wasn't really available," said Miss Roberts said, who noted that one-third of the corporate staff is active or retired military. "So when IFA brought it up again, the company immediately jumped at the idea."

Dina Dwyer-Owens, CEO and president of the Dwyer Group in Waco, Texas, said she signed on to support her father, the late Don Dwyer, who initiated the idea for VetFran.

"I'd sign on anyway because military personnel are a perfect fit for franchising a small business in the sense that they have the motivation and discipline to follow through with the franchising system and commit to it," Mrs. Dwyer-Owens said.

After securing franchise participants with franchise fees at \$150,000 or less, VetFran will look at expanding in franchise investment size and securing other loans to help business owners finance the rest of their payments.